

Using Television Commercials As Video Illustrations: Examples From A Money And Banking Economics Class

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ABSTRACT

Video clips are an excellent way to enhance lecture material. Television commercials are a source of video examples that should not be overlooked and they are readily available on the internet. They are familiar, short, self-contained, constantly being created, and often funny.

This paper describes several examples of television commercials that can be used to illustrate concepts taught in Money and Banking and Microeconomics courses. Sources of television commercials available on the internet are also presented.

Keywords: Teaching, Economics; Video; Television; Commercial; Money And Banking

INTRODUCTION

The availability of video and computer technology in classrooms provides for greater opportunities to enhance lectures with video clips from a variety of sources. Video clips are a particularly good lecture enhancement because they provide students with a different image and “voice” than the instructor’s and may help break up what some students may regard as a tedious, lengthy lecture. Of course, there are videos produced specifically for education and information that can be shown in class to enhance a lecture, but other sources of video, such as segments from news broadcasts and even movie clips, can be used to illustrate lecture material and stimulate discussion. In addition to these common sources of video, television commercials can be a potentially overlooked - but excellent - source of video examples for the classroom. This paper describes how television commercials are used to illustrate concepts and stimulate discussion in a “Money and Banking” economics course.

The idea of using video in the classroom is not new (Gordon, 1972). It is widely agreed that video can be an effective component of a lecture, as long as the material is not exclusively presented as video (Zigerell, 1991). This paper recommends television commercials as an example to illustrate specific lecture points or to stimulate discussion, not as an exclusive mode of presentation. Rozensher (2007) asserts that teachers can even use available technology to produce their own videos to enhance the learning experience. Even those educators who are less enthusiastic about video in the classroom admit that it can be useful, as long as there is not so much video that it becomes a distraction or an excuse for students to stop paying attention (DenBeste, 1999).

Video has been proposed as an effective component of education for a variety of college subjects. Hoover (2006) finds that video and audio clips embedded within PowerPoint presentations can be an effective way to present material in large survey courses in history. Moore (1993) discussed the use of video in teaching statistics and suggested that video can be a useful tool if used as a complement to other media. In economics, an even earlier paper by Allison (1976) describes a role for video, both in the training of economics teachers and in the classroom.

In a more recent paper, Mateer and Stephenson (2011) discuss the use of movie clips to illustrate points and stimulate discussion in a Public Choice Economics course. These authors first discuss the potential benefits of using video as part of a lecture. They then set rules for the effective use of video examples, such as restricting the number

of clips used during a single lecture and limiting the length of clips to less than two minutes. A problem that is mentioned is that a short clip from a movie may lose some effect out of context, particularly if students have not previously seen the entire movie. Finally, the authors describe several clips from movies that can be used to illustrate lessons in public choice economics.

Movies do make an excellent source for illustrations of economics found in popular culture. Another source that should not be overlooked, however, is the television commercial. Television commercials offer several benefits for use as classroom examples. They are familiar - we see commercials all the time, though we probably do not connect them to principles of economics, and they are short - an entire narrative can be seen in thirty to sixty seconds. This length fits well within the limit set by Mateer and Stephenson. In addition, there is no concern about losing any effectiveness from context because the entire "story" is contained within the commercial.

New commercials are appearing constantly and one that illustrates a lesson can appear at any moment. As an example of this point, while preparing a lecture about John Kenneth Galbraith for a History of Economic Thought class in 2010, a new commercial for Audi automobiles aired. In this ad, various people are shown standing near other car makes describing how they have been told by advertisers what kind of car they desire, until they see a new Audi drive past and they realize they have been manipulated (Macleod, 2010). The name of this commercial is "The Spell" and it plays as though Galbraith, himself, created it. This commercial was easily incorporated into the lecture as an example of Galbraith's institutional theory

Television commercials, like "The Spell", are often funny. Injecting humor into a lecture, in limited amounts, can enhance learning (Garner, 2006). Jones (2014) asserts that humor can be particularly useful for economics classes, since much of the material in economics may have the reputation of being rather dry. Funny commercials can also help to break up the monotony of a lecture. In addition, while students may enjoy humor, they do not necessarily want their professor to be a comedian (Stambor, 2006). Providing humor from another source, like a television commercial, prevents the need for the professor to make the jokes.

MONEY AND BANKING CLASS EXAMPLES

What follows are examples of television commercials that can be used to illustrate material in a "Money and Banking" economics class. These commercials advertise a variety of businesses and products other than banks, although some bank commercials are included. Just as the movies and scenes described by Mateer and Stephenson were not written to be "about" concepts of public choice economics, a television commercial does not have to be specifically "about" the lecture topic. "The Spell" was created to sell Audi automobiles, not to illustrate Galbraith's philosophies from *The Affluent Society*.

Money

One of the first discussions in the Money and Banking class is about the invention of money. Answering the question, "Why was the concept of money created?" can first involve a discussion of the difficulties associated with a barter system and how money can fix these problems. One of the problems often suggested by students is that some items for barter may be difficult to transport to and around the marketplace for trading, such as livestock or heavy, bulky items like furniture. A good television commercial to illustrate this point comes from electronic data management company EDS in 2000, which shows a group of cowboys herding cats (EDS-Cat Herders). This commercial, which shows the difficulties of keeping together a large herd of cats and moving them across the prairie, gives an example of the idea that some goods might be difficult to transport. The EDS "Cat Herders" commercial is also a good example of two points made about using TV commercials. First, they are often funny, which helps to enliven the lecture material, and, second, a commercial does not have to be specifically "about" the topic in order to provide a good example.

In discussing the invention and evolution of money, a primary point for discussion is that as money has changed in form over time, it has gotten easier to move around and easier to use. As a result, transactions become easier, more transactions occur, and the economy becomes more active. A good illustration of this idea is a series of Visa Check-card commercials that began airing in 2006. In perhaps the best example from this campaign, a cafeteria

is shown producing meals quickly in assembly-line fashion while customers pay with visa check-cards (Visa-Lunch). The whole process hums along smoothly until a customer pays with cash, requiring change and slowing the whole operation - drinks are spilled, lunch trays are dropped, and the look on the cashier's face is priceless. Once this transaction is completed and customers resume swiping check-cards, the lunch assembly process cranks up again. The commercial's final tag line, "life takes faster money", further emphasizes the idea that as money evolves and becomes easier to use, more economic activity will occur.

The Visa check-card commercial can also lead to discussion of the potential for an all-electronic money economy. Many students' comments on this topic have to do with insecurity or mistrust in preventing such a scenario. To address these points, a 2007 commercial for the electronic banking edition of Hasbro's Monopoly game is useful (MONOPOLY Electronic Banking, 2007). In this ad, a family is playing the game, which uses debit cards and a card reader rather than paper currency, and the kids are easily beating the adults. A point for discussion using this commercial is that as children grow up playing games that use electronic money, more comfort and trust in this medium is created and the transition to an all-electronic money economy becomes more plausible and acceptable.

Comfort, trust and acceptability are part of an important part of class discussion about money. That is, for something to be used as "money" in an economy requires that everyone accept it in exchange. A good question for students to then consider is whether pennies can any longer serve as an effective form of money in the U.S. economy. Will people accept pennies as a medium of exchange? A series of commercials from OfficeMax in 2008 shows a man with a hidden camera trying to pay for things using only pennies, with little success (Stephens, 2008). What makes these OfficeMax commercials effective for class discussion is that there are several to choose from and most students find them to be funny. This appeal really helps break up the lecture and provides a memorable example of the material.

Role Of Financial Markets And Intermediaries

The next major topic in the Money and Banking class is often a discussion of the components of the financial system and the transfer of money from savers to borrowers through financial intermediaries. Three aspects of this discussion are the different types of financial intermediaries that connect savers and borrowers, the important role of financial intermediaries in correcting information asymmetries, and the other important ways that financial intermediaries help with the transfer of money. Examples of television commercials that illustrate these points can also be shown.

Sometimes television commercials can help emphasize a lecture point by saying the opposite. For example, in the discussion of different financial intermediaries that are appropriate for different kinds of borrowers, a series of Capital One Bank commercials from 2007 implies that most banks only make loans to "big business" (Capital One – Small Business, 2007). These are humorous spots that show stuffy bankers being approached by a miniature loan applicant presenting a small business plan on a tiny flip chart. The bankers dismiss the small business owner because they are only interested in making loans to "big business". This situation is just a ploy, of course, because all commercial banks are primarily interested in making loans to local small businesses. Large firms use investment banks for financing with stocks and bonds, not commercial bank loans (Hubbard and O'Brien, 2012). Showing the commercial that claims the opposite of the usual situation, and in a humorous way, can help emphasize the point in a lecture.

A similar technique is used in a commercial from Ally Bank in 2011 (No More, 2011). In this ad, a person hands a suitcase filled with \$100,000 to a stranger on the street, asks him to look after it for a short time, then leaves. The stranger is captured on hidden camera appearing rather nervous about being entrusted with this task. The narrator notes that the stranger watches the money without taking a dime and that if your bank takes more than a stranger in the street to watch your money, your bank is charging too much.

The implication, ironic as a commercial for a bank, is that banks charge depositors without providing any more valuable services than a stranger on the street. This assertion is, of course, untrue. Banks do provide valuable services for which savers are willing to pay. This commercial fits well as an example for discussion about the valuable services that are provided by financial intermediaries, why we use indirect finance more than direct

finance, and why we pay financial intermediaries for their role in the financial system (Hubbard and O'Brien, 2012). Just ask the students whether they would rather give their \$100,000 to a stranger on the street to watch for free or pay a fee to put it in a bank.

Discussion about the use of indirect finance also includes the value of information services provided by financial intermediaries. Many texts use the “lemons” analogy made famous by George Akerloff (1970). High risk borrowers are compared to lemons in a used car market. Without sufficient information, car buyers cannot tell a good car from a lemon. In a direct finance situation, individual lenders cannot tell a good borrower from a high risk one.

An example of a third party in the used car market to help provide information is Carfax. There are many Carfax commercials from which to draw examples of this kind of information service, but a particularly good set of examples comes from an ad campaign in 2006. In these commercials, cars are shown on fire, in a flood, or being towed from a wreck, and captions read as classified ads by a seller claiming “this car is hot”, or “fresh paint”, instead of revealing the true history of the car (Fire, 2010; Wreck, 2010; Flood, 2010). Carfax, so the ads suggest, will help car buyers determine the true condition of the car. In the same way, a bank can help determine the true risk of a borrower, providing valuable information for the financial system. As in some previous examples, these ads show that the commercial does not have to be “about” the topic to be useful. Commercials for vehicle history reports provide examples analogous to services provided by a financial intermediary. They are also humorous.

OTHER ECONOMICS CLASS EXAMPLES

Television commercials can also be used in other classes. Showing a series of three kinds of ads can illustrate and stimulate discussion of different industry market structures in, for example, an undergraduate microeconomics or a graduate level managerial economics course. Commercials can illustrate differences between perfect competition, monopoly, and monopolistic competition. A discussion of the incentives for firms to spend money on advertising and how commercials portray the product or brand is an effective way to show the differences between the market structures.

Several ad campaigns have been created for firms in perfectly competitive markets. Campaigns for California-made cheese that features “happy cows” (Happy Cows TV, 2013), ads for Wisconsin-made cheese (Wisconsin Cheese: Wednesday, 2012), and campaigns for Florida orange juice (Anita Bryant Florida, 2010) all serve as examples of how firms in perfectly competitive markets behave. Since all firms’ output is homogeneous and all firms face the same horizontal demand curve at the market price, no individual producer has incentive to pay for advertising individually (Colander, 2008). Instead, they advertise as a group to increase overall market demand and raise the market price for all producers.

At the opposite end of the market structure spectrum, ads can also illustrate the behavior of a monopoly firm. Ads in a campaign for DeBeers in the 1990’s that featured silhouettes of people on occasions that call for diamonds, such as marriage proposals or anniversaries, barely mention the company name (DeBeers Diamonds, 2011). Only a brief mention of the DeBeers name at the end of the ad or a small logo appearing in the corner of the screen indicates the company. A monopoly firm does not have to tell people which brand to buy because there is only one.

Even ads for natural monopolies, like utilities, are useful for discussion. A power company commercial is often in the form of a public service announcement about safety or environmental responsibility (The Environment-Entergy, 2010). The ad does not have to say “buy electricity from Municipal Electric Company” because there is no other choice. Utility companies even have ads that describe ways to save electricity and buy less (Energy Efficiency, 2010). When a natural monopoly is regulated by average cost pricing, economic profit for the firm will be zero regardless of the quantity sold (Colander, 2008).

Most commercials represent firms in monopolistically competitive markets. These firms have incentive to advertise continuously in order to differentiate their products from other sellers and to stimulate demand for the individual firm. A good example of this kind of ad is a television commercial for Pabst Blue Ribbon Beer from the

1950's (1950s BEER COMMERCIAL, 2012). In this commercial, happy patrons and servers smile and dance to a song about Pabst beer. The product name is mentioned over and over again in the song so that consumers will not forget which brand of beer it is that makes everyone so happy. There are really too many examples to describe for monopolistic competition, as just about any commercial currently seen on television could illustrate this market structure.

CONCLUSION

A variety of sources for current and vintage television commercials exists on the internet, making them easy to use. There is no need to purchase DVDs or memberships to online video services. With these online sources, it is not necessary to spend time searching through a lengthy video to cue up the right segment, avoiding lengthy pre-class prep time or the danger of wasting class time while finding the right clip (Mateer and Stephenson, 2011). Good internet sources for commercials include YouTube (www.youtube.com), adland (<http://adland.tv/>), adforum (www.adforum.com), clip land (<http://www.clipland.com/Browse/Type/tvc/>), and tvadsview (www.tvadsview.com). Some of these sites just offer the videos, like YouTube, while others include descriptions or analysis, like adforum. An excellent source for vintage television commercials is adViews, a digital collection of vintage television commercials at the Duke University Library (<http://library.duke.edu/digitalcollections/advviews/>). Many more excellent sources for commercials can be found with a simple internet search.

Television commercials can provide excellent video examples for many lecture topics. They are short enough to neither take up too much class time nor lose students' attention. They are familiar and relatable since we see them all the time. New television commercials appear frequently, so that there is always a new source of potential examples available. They are often funny, which can be helpful in a classroom, and they are readily available through a number of online sources. When seeking video examples to enhance a lecture or stimulate classroom discussion, television commercials are a source that should not be overlooked.

AUTHOR INFORMATION

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